

**From:** [chad@ssbankia.com](mailto:chad@ssbankia.com)  
**To:** [Director - FASB](#)  
**Subject:** File Reference: No. 1810-100, "Accounting for Financial Instruments and Revisions to the Accounting for Derivatives Instruments and Hedging Activities"  
**Date:** Saturday, September 11, 2010 12:02:47 PM

---

Chad Tweeten  
201 west broadway  
Eagle Grove, IA 50533-1709

September 11, 2010

Russell Golden  
Technical Director Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Golden:

Thank you for the opportunity to comment on the exposure draft, "Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities."

As an AVP of Security Savings, a banking institution in Eagle Grove, IA with \$110 mil in total assets, I am writing to express my opinions on specific provisions of the exposure draft.

#### I. COMMENTS ON FAIR VALUE

Our bank does not sell our commercial loans. Basing our balance sheet on fair values leads readers of our financial statements to assume that we will sell the loans, which is not the case.

There is no active market for many of our loans, and estimating a market value makes no real sense.

Even if we could easily obtain a market price, since the loan is just one part of the financial relationship that we have with the customer (multiple loans, investment and trust services, etc.), there is no financial incentive to sell.

I am strongly opposed to the portion of the proposal that requires all financial instruments including loans to be reported at fair value (market value) on the balance sheet.

#### II. COMMENTS ON LOAN IMPAIRMENT

I support the Board's efforts to revise the methodology to estimate loan loss provisions. However, I have serious concerns about how such changes can be implemented by banks like mine.

I recommend that any final model be tested by banks my size in order to ensure that the model is solid and workable.

It is very important that any new processes are agreed upon and well understood by regulators, auditors, and bankers prior to finalizing the rules.

I do not support the proposal for recording interest income. Interest income should continue to be calculated based on contractual terms and not on an after-impairment basis.

### III. COMMENTS ON HEDGE ACCOUNTING

It is very important that the term "reasonably effective" be better defined.

I support the change of the requirement that a hedge is "reasonably effective" (as opposed to being "highly effective?"). This should make it easier for banks like mine to implement hedge accounting.

Sincerely,

Chad Tweeten  
5158510536